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C O N F I D E N T I A L MANAMA 000240

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STATE FOR NEA/ARPI DBERNS
STATE PASS USTR JBUNTIN

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TAGS: [ECON](#) [EFIN](#) [EPET](#) [BA](#) [ENGR](#)

SUBJECT: AMBASSADOR'S MEETING WITH NEW FINANCE MINISTER

Classified By: AMBASSADOR WILLIAM T. MONROE FOR REASONS
1.4 (B) AND (D).

1. (C) Summary. The new Bahraini Finance Minister Sheikh Ahmed bin Mohammed Al Khalifa told the Ambassador February 9 that new anti-money laundering legislation is being prepared for presentation to parliament. He noted that he and Treasury Under Secretary Taylor had discussed the development and coordination among regional and G8 countries on the BMENA Network of Funds initiative during a recent phone call. The Ambassador and the Minister discussed ways to promote the free trade agreement in the two countries. Finance Under Secretary Sheikh Ibrahim Al Khalifa mentioned that Bahrain is

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considering purchasing natural gas from Iran. The Ambassador strongly urged the MOF to reconsider such a deal. End Summary.

Legislation

2. (C) The Ambassador paid an introductory call February 9 on Bahraini Finance Minister Sheikh Ahmed bin Mohammed Al Khalifa to congratulate him and review U.S.-Bahrain economic issues. In response to the Ambassador's question on anti-money laundering legislation, Sheikh Ahmed said new legislation had been passed from the prime ministry legal affairs department to the Cabinet along with a penal code amendment on terrorism financing. The "two-package deal" would send a clear message about Bahrain's commitment to combating terrorism. He expected that both pieces of legislation would be sent to the parliament within weeks.

Network of Funds

3. (C) The Minister said he had a productive phone call with Treasury U/S Taylor in early January on developing links between G8 and BMENA countries on the BMENA Network of Funds, which seeks to promote cooperation and improve effectiveness of the region's official financing. The GOB will hold an inter-ministerial meeting on the initiative in preparation for additional G8/BMENA consultations on the issue.

FTA Promotion

4. (C) Sheikh Ahmed and the Ambassador exchanged updates on where FTA ratification stands in their respective countries. They are optimistic about movement in the near future. The Ambassador noted he would be doing an interview with Fox News and CNBC as well as additional public affairs opportunities to promote the FTA. He pledged to work with the American Chamber of Commerce in Bahrain and the Bahrain Chamber of Commerce and Industry as they seek to utilize the FTA as a promotional tool. The Minister said the MOF is considering a trade mission to Chicago, but noted it might take place after ratification.

Natural Gas

5. (C) In response to the Ambassador's question on a Bahraini-Qatari natural gas deal, U/S Sheikh Ibrahim replied that Bahrain and Qatar were considering a memorandum of agreement for construction of a 90-km gas pipeline. However, he downplayed the urgency for an agreement with Qatar, suggesting that Bahrain's natural gas reserves are larger than reported and indicating that gas purchases from Iran remain a possibility. The Ambassador reminded Ibrahim of our legal and political objections to a deal with Iran. Comment: Ibrahim's suggestion that Bahrain has sufficient natural gas reserves for the time being runs counter to all we have heard. Our guess is that any talk of larger domestic reserves and possible deals with Iran are aimed at lessening the sense that Bahrain urgently needs a deal with Qatar.
MONROE